

AVERAGE

Figure 5

ANI

Company Weighted Average Per Unit Costs

	AR	KS	MO	OK	TX	Avg Weighted Company
1 Total Annual Investment	\$0.002074	\$0.001306	\$0.002110	\$0.001470	\$0.001544	\$0.001649
2 Annual Depreciation	\$0.000147	\$0.000092	\$0.000142	\$0.000101	\$0.000102	\$0.000111
3 Annual Cost of Money	\$0.000130	\$0.000082	\$0.000131	\$0.000091	\$0.000101	\$0.000105
4 Annual Income Tax	\$0.000056	\$0.000034	\$0.000060	\$0.000041	\$0.000036	\$0.000042
5 Annual Maintenance	\$0.000159	\$0.000088	\$0.000179	\$0.000111	\$0.000084	\$0.000109
6 Annual Administration	\$0.000103	\$0.000070	\$0.000129	\$0.000075	\$0.000066	\$0.000081
7 Annual Other	\$0.000012	\$0.000023	\$0.000016	\$0.000022	\$0.000016	\$0.000017
8 Total Annual Direct Costs (Sum L2 thru L7)						\$0.000465
9 Monthly Per Unit Cost	\$0.000608	\$0.000390	\$0.000660	\$0.000444	\$0.000405	
10 Overhead Loading						0.2723
11 Annual Indirect Unit Cost (L9*L10)						\$0.000127
12 Total Annual Direct & Indirect Unit Cost (L8+L11)						\$0.000592
13 Total Demand Year 1	314,269,378	458,128,892	870,887,338	521,178,383	2,709,326,220	4,873,790,211

Note 1: Average Weighted Company is determined by
(Unit Cost * Year 1 Demand) / Sum of Year 1 Demand

AVERAGE

Figure 6

Multiline Hunt Group
Circular Hunting
Preferential Hunting
Regular Line Hunting

Company Weighted Average Per Unit Costs

	AR	KS	MO	OK	TX	Avg Weighted Company
1 Total Annual Investment	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01
2 Annual Depreciation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
3 Annual Cost of Money	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
4 Annual Income Tax	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5 Annual Maintenance	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
6 Annual Administration	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
7 Annual Other	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
8 Total Annual Direct Costs (Sum L2 thru L7)						\$0.00
9 Monthly Per Unit Cost	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
10 Overhead Loading						0.2723
11 Annual Indirect Unit Cost (L9*L10)						\$0.00
12 Total Annual Direct & Indirect Unit Cost (L8+L11)						\$0.00
13 Total Monthly Per Unit Cost (L12/12)						\$0.00
14 Premium Rate (L13*L16)/(L17*(L18*.45))						\$0.00
15 Non-Premium Rate (L14*.45)						\$0.00
16 Total Demand Year 1	927	956	3129	1881	9922	16815
17 Year 1 Demand-Premium	718	660	2421	1383	6892	12074
18 Year 1 Demand-NonPremium	209	296	708	498	3030	4741

Note 1: Average Weighted Company is determined by
(Unit Cost * Year 1 Demand) / Sum of Year 1 Demand

AVERAGE

Figure 7

UCD

Company Weighted Average Per Unit Costs

	AR	KS	MO	OK	TX	Avg Weighted Company
1 Total Annual Investment	\$0.0451	\$0.0466	\$0.0443	\$0.0491	\$0.0454	\$0.0449
2 Annual Depreciation	\$0.0032	\$0.0033	\$0.0030	\$0.0034	\$0.0030	\$0.0030
3 Annual Cost of Money	\$0.0028	\$0.0029	\$0.0028	\$0.0031	\$0.0030	\$0.0029
4 Annual Income Tax	\$0.0012	\$0.0012	\$0.0013	\$0.0013	\$0.0011	\$0.0012
5 Annual Maintenance	\$0.0035	\$0.0031	\$0.0038	\$0.0038	\$0.0025	\$0.0032
6 Annual Administration	\$0.0022	\$0.0025	\$0.0027	\$0.0025	\$0.0020	\$0.0024
7 Annual Other	\$0.0003	\$0.0009	\$0.0004	\$0.0008	\$0.0005	\$0.0005
8 Total Annual Direct Costs (Sum L2 thru L7)						\$0.0130
9 Monthly Per Unit Cost	\$0.0011	\$0.0012	\$0.0012	\$0.0013	\$0.0010	
10 Overhead Loading						0.2723
11 Annual Indirect Unit Cost (L9*L10)						\$0.0035
12 Total Annual Direct & Indirect Unit Cost (L8+L11)						\$0.0166
13 Total Monthly Per Unit Cost (L12/12)						\$0.0014
14 Premium Rate (L13*L16)/(L17+(L18*.45))						\$0.0016
15 Non-Premium Rate (L14*.45)						\$0.0007
16 Total Demand Year 1	0	2	29	0	25	56
17 Year 1 Demand-Premium	0	1	22	0	17	40
18 Year 1 Demand-NonPremium	0	1	7	0	8	16

Note 1: Average Weighted Company is determined by
 (Unit Cost * Year 1 Demand) / Sum of Year 1 Demand

AVERAGE

Figure 8

Alternate Traffic Routing
End Office Routing
Multiple Traffic Routing

Company Weighted Average Per Unit Costs

	AR	KS	MO	OK	TX	Avg Weighted Company
1 Total Annual Investment	\$3,095.97	\$1,696.19	\$3,260.62	\$2,597.45	\$2,027.23	\$2,284.59
2 Annual Depreciation	\$218.89	\$119.56	\$219.48	\$180.78	\$134.96	\$155.38
3 Annual Cost of Money	\$192.76	\$105.55	\$204.18	\$163.38	\$131.99	\$145.99
4 Annual Income Tax	\$85.00	\$45.41	\$91.99	\$71.26	\$48.01	\$58.52
5 Annual Maintenance	\$237.35	\$112.27	\$276.76	\$200.68	\$110.63	\$151.11
6 Annual Administration	\$152.90	\$92.00	\$198.55	\$134.24	\$87.57	\$110.23
7 Annual Other	\$18.92	\$33.60	\$28.32	\$44.64	\$22.13	\$29.37
8 Total Annual Direct Costs (Sum L2 thru L7)						\$650.59
9 Monthly Per Unit Cost	\$75.48	\$42.37	\$84.94	\$66.25	\$44.61	
10 Overhead Loading						0.2723
11 Annual Indirect Unit Cost (L9*L10)						\$177.16
12 Total Annual Direct & Indirect Unit Cost (L8+L11)						\$827.75
13 Total Monthly Per Unit Cost (L12/12)						\$68.98
14 Premium Rate (L13*L16)/(L17+(L18*.45))						\$69.55
15 Non-Premium Rate (L14*.45)						\$31.30
16 Total Demand Year 1	28	41	40	189	376	674
17 Year 1 Demand-Premium	28	40	40	185	371	664
18 Year 1 Demand-NonPremium	0	1	0	4	5	10

Note 1: Average Weighted Company is determined by
(Unit Cost * Year 1 Demand) / Sum of Year 1 Demand

Figure 9A

Local Switching

Overhead Loading Factor

Line		Source	SWBT Company
1	Rev Req @ 11.25% ROI	Figure 14B	\$219,446,000
	Investment	ARMIS	
2	CO Equip-Switch	L1640	\$580,956,000
3	CO Equip-Tran	L1650	\$0
4	Cable & Wire	L1660	0
5	Total Local Switch Invest	L2+L3+L4	\$580,956,000
6	FDC Factor	L1/L5	0.3777
7	Direct Annual Cost Factor	Figure 14C	0.2969
8	Overhead Loading Factor	L6/L7	1.2723

Figure 9B

Revenue Requirement Development

Source: ARMIS 43-01, 1990 Year End, Local Switching

		(000)
1	Total Expenses L1190	\$146,487
2	Other Tax L1490	\$10,659
3	Total Expenses and Other Tax (1+2)	<u>\$157,146</u>
4	Net Investment L1910	\$365,491
5	Rate of Return as Prescribed by FCC	11.25%
6	Return (4*5)	<u>\$41,118</u>
7	Federal Income Tax Rate as Prescribed by IRS	34.00%
8	Federal Income Tax (6*(7/(1.0-7)))	<u>\$21,182</u>
9	Revenue Requirement (3+6+8)	<u>\$219,446</u>

Figure 9C

Direct Annual Cost Factor Study

ANI

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1	Total Annual Costs	Figure 1, L25	\$0.000608	\$0.000390	\$0.000660	\$0.000444	\$0.000405	\$0.002507
2	Total Investment	Figure 1, L13	\$0.002074	\$0.001306	\$0.002110	\$0.001470	\$0.001544	\$0.008504
3	Factor (1/2)		0.2932	0.2986	0.3128	0.3020	0.2623	0.2948

Multiline Hunt Group

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1	Total Annual Costs	Figure 2, L25	\$0.0038	\$0.0040	\$0.0040	\$0.0044	\$0.0035	\$0.0197
2	Total Investment	Figure 2, L13	\$0.0131	\$0.0135	\$0.0129	\$0.0142	\$0.0132	\$0.0668
3	Factor (1/2)		0.2909	0.2996	0.3126	0.3059	0.2641	0.2947

UCD

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1	Total Annual Costs	Figure 3, L25	\$0.0132	\$0.0140	\$0.0139	\$0.0150	\$0.0120	\$0.0680
2	Total Investment	Figure 3, L13	\$0.0451	\$0.0466	\$0.0443	\$0.0491	\$0.0454	\$0.2305
3	Factor (1/2)		0.2925	0.2997	0.3126	0.3060	0.2640	0.2951

Alternate Traffic Routing

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1	Total Annual Costs	Figure 4, L25	\$905.81	\$508.40	\$1,019.28	\$794.99	\$535.29	\$3,763.77
2	Total Investment	Figure 4, L13	\$3,095.97	\$1,696.19	\$3,260.62	\$2,597.45	\$2,027.23	\$12,677.45
3	Factor (1/2)		0.2926	0.2997	0.3126	0.3061	0.2641	0.2969

TOTAL COMPANY - ALL BSES - DIRECT ANNUAL COST FACTOR

Sum of Total Company Line 1 / Sum of Total Company Line 2

0.2969

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Figure 10

BSA Rate Development Worksheet

Line	Description	Source	Value
1	Total Premium MOU BSA-A + BSA-B	Section 6	6417855072
2	Total Premium MOU BSA-C + BSA-D	Section 6	22860694690
3	Total Transitional MOU	Section 6	563958886
4	Current LS1 Rate	FCC No. 68	0.0080
5	Current LS2 Rate	FCC No. 68	0.0083
6	Current Transitional Rate	FCC No. 68	0.0037
7	Total Local Switching Revenue	$(L1 \cdot L4) + (L2 \cdot L5) +$ $(L3 \cdot L6)$	\$243,173,254
8	BSE Revenue	(Demand * Rate)	
A)	ANI	4873790211 \$0.000592	\$2,885,284
B)	Alternate Routing	Prem 664 \$69.55	\$554,174
		Non-prem 10 \$31.30	\$3,756
C)	Multiline Hunt Group	Prem 12074 \$0.01	\$1,449
		Non-prem 4741 \$0.01	\$569
D)	UCD	Prem 40 \$0.0016	\$1
		Non-Prem 16 \$0.0007	\$0
9	Total BSE Revenue	Sum of L8, A thru D	\$3,445,233
10	Net Local Switching Revenue Requirement	$(L7 - L9)$	\$239,728,022
11	Unbundled LS2 Rate	$(L10 / (L2 + L1 \cdot .96 + L3 \cdot .45))$	\$0.008189
12	Unbundled LS1 Rate	$(L11 \cdot .96)$	\$0.007861
13	Unbundled Transitional Rate	$(L11 \cdot .45)$	\$0.003685

Figure 1

Appendix B

	BSE:	Remote Make Busy	Multiline Hunt Group	Uniform Call Distribution
1	Total Annual Direct and Indirect Unit Costs	\$97.69	\$0.20	\$0.0151
2	Demand-Year 1 Premium	14	12074	40
3	Demand-Year 1 NonPrem	5	4741	16
4	Total Demand (Line 2+Line 3)	19	16815	56
5	Total Year 1 Costs (Line 1*Line 4)	\$1,856.11	\$3,363.00	\$0.85
6	Premium Rate	\$9.52	\$0.02	\$0.0015
7	Annual Premium Revenue (Line 2*Line 6)*12	\$1,599.36	\$2,897.76	\$0.72
8	NonPremium Rate	\$4.28	\$0.01	\$0.0007
9	Annual NonPrem Revenue (Line 3*Line 8)*12	\$256.80	\$568.92	\$0.13
10	Total Year 1 Revenue (Line 7+Line 9)	\$1,856.16	\$3,466.68	\$0.85
11	Ratio of Annual Revenue to Annual Costs (Line 10/Line 5)	1.0000	1.0308	1.0104

Note: The source of this data is SWBT's Transmittal No. 2170, the February 10, 1992, ONA Compliance Filing, Section 9, Figure 15B - Remote Make Busy, Figure 15G - Multiline Hunt Group and Figure 15H - UCD.